

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/08):**

**BUTTER:** Grade AA closed at \$1.2000. The weekly average for Grade AA is \$1.2167 (-.0916).

**CHEESE:** Barrels closed at \$1.1875 and blocks at \$1.2200. The weekly average for barrels is \$1.1900 (-.0460) and blocks, \$1.2235 (-.0435).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9900 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9900 (N.C.) and Grade A, \$1.0000 (N.C.).

**BUTTER:** Butter markets are weak. The CME cash price is the lowest it has been since early January 2001. Many in the industry question where will the cash price settle. Conversations continue about a possible support tilt in the near future. If this does occur, some feel the price might dip to that level. Cream supplies are readily available across the country, although many buyers are hesitant to take on too much additional cream in a declining market. Current production continues to surpass demand thus inventories are building at many locations. Buying interest is slow as buyers hold off placing orders in a weak market. At this point, most orders are for short term needs.

**CHEESE:** The cheese market remains weak. Many finished product buyers are waiting for prices to settle. Lagging sales continue to cause bulk supplies to accumulate for some producers. Many manufacturing plant schedules are heavier than year ago levels. Initial 2001 cumulative cheddar cheese output totals 2.773 billion pounds, down 47.2 million pounds (-1.7%) from the comparable number of days in 2000. Cumulative total cheese output in 2001 totals 8.155 billion pounds, off 77.4 million pounds (-0.9%) during the same number of days in 2000.

**FLUID MILK:** Milk production patterns across most of the U.S. are following recent trends. Output remains strong in the West compared to year ago levels. Volumes are higher in the Northwest and Southwest. Cows continue to be added to the California herd. In the Northeast, milk is steady, while slightly heavier in the Middle Atlantic and Southeast. Manufacturing plants throughout the East are operating on extended schedules to process milk supplies. Fluid milk orders are mostly steady unless featured. Condensed skim supplies are ample with prices mostly steady. Activity is centered on contracted amounts. Fluid cream markets are weak with supplies often heavy. Multiples and overages are lower and negotiable. Heavy volumes are moving to butter plants.

**DRY PRODUCTS:** Nonfat dry milk prices continue to soften in all regions. The support program continues to be a big outlet for surplus product. Widespread speculation of a support price tilt lowering the NDM price continues to influence decisions. Both sides of the trade do not want to be in possession of NDM should a tilt happen. Uncommitted NDM continues to be put up in G-bags for support offerings. Dry buttermilk prices are softening. Drying schedules remain active and more powder is being offered to reluctant buyers. Pricing margins between regions have created opportunities. Dry whey markets remain weak. Producers are offering higher than anticipated volumes on the market and having to lower prices to stimulate interest. Lactose prices are unchanged,

but there are concerns being raised about export demand and exchange rates affecting current and future sales. WPC prices are mostly steady and the market is more in balance. Interest is better from food accounts than feed accounts.

**CCC:** For the week of February 4-8, NDM purchases total 13,112,328 pounds. Of the total, 892,768 pounds originated in the East, 1,145,806 pounds from the Midwest, and 11,073,754 pounds from the West.

**JANUARY AGRICULTURAL PRICES HIGHLIGHTS (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2002 declined 1 point to 121. Compared with January 2001, the index was down 4 points (3.2%). The index of prices received by farmers for dairy products declined 1 point during the month of January 2002 to 102. Compared with January 2001, the index was up 1 point (1.0%). Prices received by farmers in January with changes from December were: for All Milk, \$13.30, down \$.10; for Fluid Grade Milk, \$13.30, down \$.10; and for Manufacturing Grade Milk, \$12.50, unchanged.

**DECEMBER 2001 DAIRY PRODUCTS HIGHLIGHTS (NASS):** Butter production was 122.6 million pounds in December, 9.9% above December 2000 and 21.1% above November 2001. American type cheese production totaled 312.8 million pounds, 3.1% above December 2000 and 9.1% above November 2001. Total cheese output (excluding cottage cheese) was 699.5 million pounds, 1.6% above December 2000 and 1.9% above November 2001. Nonfat dry milk production, for human food, totaled 144.3 million pounds, 18.9% above December 2000 and 19.0% above November 2001. Dry whey production, for human food, was 85.1 million pounds, 3.7% below December 2000 but 9.7% above November 2001.

**FEDERAL MILK ORDER PRICE AND POOL SUMMARY, ANNUAL (AMS, FMMO):** During 2001, about 120.2 billion pounds of milk were received from producers. This volume of milk is 3.1% higher than the 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.6%.) About 45.9 billion pounds of producer milk were used in Class I products, 0.1% higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2001 as compared to 2000. Percentage changes have been adjusted for the different number of days in the two periods. The all-market average Class utilizations were; Class I = 38%, Class II = 10%, Class III = 44%, and Class IV = 8%. The weighted average statistical uniform price was \$14.90, \$2.79 higher than last year.

**JANUARY 1 MILK COW INVENTORY SUMMARY (NASS):** The number of milk cows in the United States as of January 1, 2002, totaled 9.11 million head, down 1% from both last year and two years ago. Milk replacement heifers totaled 4.06 million head, up slightly from January 1, 2001 and up 1.5% from January 1, 2000. The number of milk replacement heifers per 100 milk cows on January 1, 2002 was 44.6, up from 44.2 on January 1, 2001, and up from 43.5 on January 1, 2000.

**\*\*\*SPECIALS THIS ISSUE\*\*\***

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

| PRODUCT            | MONDAY<br>FEBRUARY 4 | TUESDAY<br>FEBRUARY 5 | WEDNESDAY<br>FEBRUARY 6 | THURSDAY<br>FEBRUARY 7 | FRIDAY<br>FEBRUARY 8 | WEEKLY<br>CHANGE* | WEEKLY<br>AVERAGE#   |
|--------------------|----------------------|-----------------------|-------------------------|------------------------|----------------------|-------------------|----------------------|
| CHEESE<br>BARRELS  | \$1.2000<br>(N.C.)   | \$1.1875<br>(-.0125)  | \$1.1875<br>(N.C.)      | \$1.1875<br>(N.C.)     | \$1.1875<br>(N.C.)   | (-.0125)          | \$1.1900<br>(-.0460) |
| 40# BLOCKS         | \$1.2275<br>(-.0075) | \$1.2300<br>(+.0025)  | \$1.2200<br>(-.0100)    | \$1.2200<br>(N.C.)     | \$1.2200<br>(N.C.)   | (-.0150)          | \$1.2235<br>(-.0435) |
| BUTTER<br>GRADE AA | \$1.2500<br>(-.0500) | ----                  | \$1.2000<br>(-.0500)    | ----                   | \$1.2000<br>(N.C.)   | (-.1000)          | \$1.2167<br>(-.0916) |

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.9900 and Grade A price is \$1.0000. NDM information remains available at the above internet address.)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, FEBRUARY 4, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.2275, 1 @ \$1.2350, 1 @ \$1.2400

BUTTER — SALES: 1 CAR @ \$1.2500; BIDS UNFILLED: 1 CAR @ \$1.2400; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.2875, 2 @ \$1.2975, 2 @ \$1.3000

TUESDAY, FEBRUARY 5, 2002

CHEESE — SALES: 10 CARS 40# BLOCKS: 1 @ \$1.2225, 1 @ \$1.2125, 1 @ \$1.2150, 1 @ \$1.2125, 1 @ \$1.2175, 1 @ \$1.2200, 1 @ \$1.2100, 1 @ \$1.2225, 1 @ \$1.2200, 1 @ \$1.2300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1875, 1 @ \$1.1950

WEDNESDAY, FEBRUARY 6, 2002

CHEESE — SALES: 9 CARS 40# BLOCKS: 1 @ \$1.2300, 2 @ \$1.2250, 3 @ \$1.2200, 1 @ \$1.2150, 1 @ \$1.2200, 1 @ \$1.2225; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.2200, 1 @ \$1.2250, 1 @ \$1.2275

BUTTER — SALES: 1 CAR @ \$1.2000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS: 1 @ \$1.2400, 1 @ \$1.2425, 1 @ \$1.2450, 1 @ \$1.2475, 1 @ \$1.2500, 1 @ \$1.2600

THURSDAY, FEBRUARY 7, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, FEBRUARY 8, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1875; OFFERS UNCOVERED: NONE

BUTTER — SALES: 6 CARS @ \$1.2000; BIDS UNFILLED: 2 CARS: 1 @ \$1.1700, 1 @ \$1.1000; OFFERS UNCOVERED: 1 CAR @ \$1.2500

**BUTTER MARKETS****DECEMBER BUTTER PRODUCTION**

During December 2001, butter production in the United States totaled 122.6 million pounds, 9.9% more than December 2000 and 21.1% higher than November 2001. Year to date production for 2001 is down 3.9% when compared to the previous twelve months of 2000. The following are December to December changes for various states: CA +17.4%, NY +2.0%, PA +4.5%, and WI +19.9%.

**NORTHEAST**

The market tone is weak despite the relative lack of price decline. Last week's trading saw butter prices drop slowly, but steadily last week. This slow decline is a surprise to some contacts since there is a glut of cream being pushed to butter producers in most parts of the country. In Monday's (2/4) trading, the AA price did drop a nickel, which many contacts see as "a start." Eastern butter makers are turning away cream offers, regardless of price because of lack of capacity. Stocks of butter remain more than ample, often reported at double the levels seen a year ago. Retail sales are slow to fair, as prices remain high. Food service orders are fair to good. Sales of bulk butter, f.o.b. East, are reported in a range of flat market — 4 cents over the CME price/average.

**CENTRAL**

Butter markets are weak as the cash butter price at the CME continues to decline. The cash price has not been this low since very early January 2001. Producers and handlers have mixed opinions as to where the cash price will settle. Through mid-week, some feel that the \$1.20 level will hold with others anticipating additional weakness. Comments among the trade continue to speculate that a butter/powder tilt adjustment is close at hand. If an adjustment does occur, some speculate that the cash price might dip to that level. Some contacts project the

butter price at \$1.05. Churning activity remains very active at most Midwestern plants. Cream offerings are readily available from local and out of area sources. Many producers are hesitant to procure too much cream, especially with cashbutter prices weakening a total of a dime in two consecutive trading sessions. Current production continues to surpass demand, thus surplus is entering inventory programs. Overall butter demand is fair with most orders being placed for short term or immediate needs. Bulk butter for spot sales is selling in a range of flat - 3 cents per pound over various pricing basis.

**WEST**

Demand for bulk butter from the West is slow. It has been slow for the past few weeks, but declined further as cash CME prices moved sharply lower this week. Buyers are waiting for some indication of a bottom on the market before they will be willing to make volume purchases. Print sales are also slow with little feature activity noted. Some buyers were commenting that prices are now low enough that they would consider storing bulk butter for fall needs. Cream supplies remain very heavy with multiples moving lower even with the butter price declining. The churn remains the only real outlet for the available cream supplies. Butter production in the United States during December 2001 totaled 122.6 million pounds, 9.9% higher than December 2000. December output in the West region was 5.5% higher with California, 17.4% higher. Preliminary U.S. estimates show that production for the year 2001 total 1.22 billion pounds, 3.9% lower than in 2000 (unadjusted). CME weekly butter stocks increased by 7.8 million pounds this past week. Total stocks stand at 53.3 million pounds. Current prices for bulk butter range from 5 cents to 1 cent under market based on the CME with various time frames and averages involved.

**NASS DAIRY PRODUCT PRICES**  
 U.S. AVERAGES AND TOTAL POUNDS

| WEEK ENDING | CHEESE     |                         | NDM        | BUTTER    | DRY WHEY   |
|-------------|------------|-------------------------|------------|-----------|------------|
|             | 40# BLOCKS | BARRELS<br>38% MOISTURE |            |           |            |
| FEBRUARY 2  | 1.3331     | 1.3276                  | 0.9099     | 1.2950    | 0.2498     |
|             | 6,937,924  | 11,736,033              | 23,891,920 | 4,130,511 | 10,119,152 |

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are sharply lower after the average prices for barrels and blocks at the CME fell 11.4 and 12.18 cents, respectively last week. The market tone is weak. Milk supplies are holding up much higher than anticipated and cheese output is high. Cheese stocks are more than adequate to meet the slow to fair demand. Buyers are waiting to see where prices will settle out before getting back into the market. Distributors are taking only normal, weekly volumes and trying to stay as current as they can. Retail sales are seldom better than fair and food service orders are about steady.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

|                             |   |               |
|-----------------------------|---|---------------|
| Cheddar 10# Prints          | : | 1.3300-1.8000 |
| Cheddar Single Daisies      | : | 1.2875-1.7475 |
| Cheddar 40# Block           | : | 1.4075-1.6175 |
| Process 5# Loaf             | : | 1.4450-1.6300 |
| Process 5# Sliced           | : | 1.4650-1.7425 |
| Muenster                    | : | 1.4900-1.6975 |
| Grade A Swiss Cuts 10 - 14# | : | 2.3500-2.5500 |

## MIDWEST

The cheese market is unsettled and seems to lack solid direction or support. Sharply lower cash cheese prices are allowing buyers to rebuild inventory at lower prices, though as usual, the question is whether or not the short-term bottom has been reached? Most bulk sales are still hit or miss due to recent increases and declines. Process movement is steady to often slower. Natural sales are steady at best. Cheese production remains seasonally strong at most plants. Estimated total cheese production in selected Midwestern states in December 2001 compared to December 2000 are: Wisconsin 179.5 million pounds, down 1.4 million pounds (-0.8%); Minnesota 51.9 million pounds, off 7.9 million pounds (-13.2%); Iowa 20.7 million pounds, down 388,000 pounds (-1.8%); and Ohio 13.3 million pounds, up 2.4 million pounds (21.9%). All cheese categories were higher in monthly production with the exception of Cream and Neufchatel.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

|   |   |               |
|---|---|---------------|
| Process American 5# Loaf                    | : | 1.4550-1.6500 |
| Brick And/Or Muenster 5#                    | : | 1.6300-1.8300 |
| Cheddar 40# Block                           | : | 1.6100-2.1150 |
| Monterey Jack 10#                           | : | 1.8300-2.1150 |
| Blue 5#                                     | : | 2.0200-2.3300 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 1.6100-2.2150 |
| Grade A Swiss Cuts 6 - 9#                   | : | 2.0675-2.6850 |

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

|                |   |                             |
|----------------|---|-----------------------------|
| CHEDDAR STYLES | : | FEBRUARY 4 - 08, 2002       |
| BARRELS*       | : | \$1.1875 - 1.2450 (NOMINAL) |
|                | : | (-\$ .0225) (-.1150)        |
| 40# BLOCKS     | : | \$1.2125 - 1.2875 (NOMINAL) |
|                | : | (-\$ .0150) (-.1025)        |

( ) Change from previous week. \* If steel, barrel returned.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

|          |        |   |         |
|----------|--------|---|---------|
|          | BUTTER | : | CHEESE  |
| 02/04/02 | 25,501 | : | 125,938 |
| 01/01/02 | 13,010 | : | 118,187 |
| CHANGE   | 12,491 | : | 7,751   |
| % CHANGE | 96     | : | 7       |

## WEST

Demand for Western cheese remains light as prices continue to decline. Cheese buyers are happy to see the continuing price declines registered at the CME. Many feel that prices are now getting down to levels that they consider to be more realistic for this time of the year. Buyers continue to mostly watch from the sidelines until they believe that a bottom has been put in. Offerings from the West are mixed, but generally not all that heavy. Some off-grade cheese is available and it is clearing pretty well. Cheese production is generally on schedule with early estimates for this time of the year. Some areas, with winter conditions, are noting a decline in receipts and some quality problems. American cheese production in the United States during December 2001 totaled 312.8 million pounds, 3.1% higher than December 2000. December output in the West region was 7.6% higher with California, +14.9%; Idaho, -1.8%; Oregon, +38.6%; and Utah, -43.8%. U.S. Swiss cheese production totaled 20.2 million pounds in December, 6.8% higher than a year ago. Preliminary U.S. American cheese estimates for the year 2001 total 3.55 billion pounds, 2.3% lower than in 2000 (unadjusted).

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

|                           |   |               |
|---------------------------|---|---------------|
| Process 5# Loaf           | : | 1.3900-1.6500 |
| Cheddar 40# Block         | : | 1.3875-1.5275 |
| Cheddar 10# Cuts          | : | 1.5675-1.7875 |
| Monterey Jack 10#         | : | 1.5775-1.7375 |
| Grade A Swiss Cuts 6 - 9# | : | 2.3600-2.5300 |

## FOREIGN TYPE

Prices for domestic styles are sharply lower and imported styles are unchanged. The market tone is settling into its typical, early-year pattern. Demand is slow to fair and importers are working on ordering and needs for the first part of the year. The U.S. Dollar is relatively strong compared to the Euro, which tends to improve imports' purchasing power. Stocks are generally adequate to cover current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

| VARIETY                  | NEW YORK          |                  |
|--------------------------|-------------------|------------------|
|                          | IMPORTED          | DOMESTIC         |
|                          | :                 | :                |
| Roquefort                | : TFEWR           | : -0-            |
| Blue                     | : 2.6400-3.1400   | : 1.6325-3.1275* |
| Gorgonzola               | : 3.2400-5.9400   | : 2.1325-2.4900* |
| Parmesan (Italy)         | : TFEWR           | : 3.0500-3.1025* |
| Romano (Italy)           | : 2.1000-2.9900   | : -0-            |
| Provolone (Italy)        | : 3.4400-5.5000   | : 1.6400-1.8500* |
| Romano (Cows Milk)       | : -0-             | : 2.8250-5.0050* |
| Sardo Romano (Argentina) | : 2.6500-3.2900   | : -0-            |
| Reggianito (Argentina)   | : 2.6500-3.2900   | : -0-            |
| Jarlsberg-(Brand)        | : 2.7500-3.5900   | : -0-            |
| Swiss Cuts Switzerland   | : -0-             | : 2.3500-2.5500  |
| Swiss Cuts Finnish       | : 2.5900-2.8500   | : -0-            |
| Swiss Cuts Austrian      | : 2.2500-2.7500   | : -0-            |
| Edam                     | :                 | :                |
| 2 Pound                  | : TFEWR           | : -0-            |
| 4 Pound                  | : 2.1900-2.9500   | : -0-            |
| Gouda, Large             | : 2.3900-2.6800   | : -0-            |
| Gouda, Baby (\$/Dozen)   | :                 | :                |
| 10 Ounce                 | : 27.8000-31.7000 | : -0-            |

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

|                  | THIS WEEK |     | LAST WEEK |     | LAST YEAR |     |
|------------------|-----------|-----|-----------|-----|-----------|-----|
|                  | IN        | OUT | IN        | OUT | IN        | OUT |
| FLORIDA          | 6         | 0   | 0         | 11  | 0         | 55  |
| SOUTHEAST STATES | 0         | 0   | 0         | 0   | 0         | 0   |

The following are the January 2002 Class and component prices under the Federal Milk Order pricing system: Class II \$12.69 (up \$0.08 from December), Class III \$11.87 (up \$0.07); and Class IV \$11.93 (up \$0.14). The following are product price averages used in computing Class prices: butter \$1.3324, NDM \$0.9161, cheese \$1.2922, and dry whey \$0.2747. The Class II butterfat price is \$1.4916 and the Class III/IV butterfat price is \$1.4846. At midweek, a snow/ice storm hit much of Tennessee and parts of surrounding states. This did impact milk pickups and over-the-road hauling schedules. Milk production is steady in the Northeast while, steady to slightly heavier in the Middle Atlantic and Southeast. Fluid milk supplies are more than ample to meet the steady to improved Class I demand. The storm in the Midsouth did cause some early-week panic buying at retail. Also, widespread retail feature activity is being reported in the Southeast, which has bottlers pulling more milk from their suppliers. In the Northeast, milk sales are mostly steady. Manufacturing plants throughout the East are operating above historic, February levels. Balancing plants in the Southeast are getting milk, particularly on weekends and other plants in the region are "pretty full" during the rest of the week. The condensed skim market is little changed. Offerings are heavy and demand slow to fair and mostly through contracts. Drying activity is moderate to heavy in those plants that are able to dry. The fluid cream market remains weak. Offerings are excessive and spot buyers, hoping for continued lower prices, are delaying purchases as long as they can. In Monday's trading (February 4), the price of butter at the CME fell to \$1.2500, the first time since December 17 that it has been below \$1.3000. This week, spot prices are nominal and slightly lower than last week's levels. Production of ice cream and cream cheese are light to moderate. Most manufacturers are taking their contracted volumes, but limiting their purchases of spot cream until prices move lower. Butter makers continue to be flooded with cream and are hard pressed to clear all the cream.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

|  |   |                               |
|--|---|-------------------------------|
| F.O.B. PRODUCING PLANTS: NORTHEAST     | - | 1.5307-1.6615                 |
| DELIVERED EQUIVALENT ATLANTA           | - | 1.5438-1.7008 M 1.5438-1.5700 |
| F.O.B. PRODUCING PLANTS: UPPER MIDWEST | - | 1.4260-1.6746                 |

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

|   |                |
|---|----------------|
| F.O.B. PRODUCING PLANTS:                              |                |
| NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES | - .9700-1.0500 |
| NORTHEAST- CLASS III - SPOT PRICES                    | - .9200- .9900 |

## M I D W E S T

Class I demand is little changed although a few retail promotions stimulated some extra early month movement. Manufacturing milk interest was spotty, ranging from a few loads cleared at flat class over the weekend to \$1.00 – 1.50 over class during the week. Some cheese operations are reluctant to purchase outside milk due to problems in selling the standardized cream while others are still struggling with sluggish cheese sales due to weakness in prices. Cream supplies are burdensome with interest still fairly limited from many ice cream makers. Keeping current with cream supplies has been a problem since late last year. Butter makers are reluctant to purchase additional cream due to declines in the butter market and current cream and butter inventories. Condensed skim movement was good for cheese production, though production

is hampered for those without a committed buyer/use for the cream. Condensed skim prices, on a light test, are steady. Cheese manufacturing schedules remain seasonally active. Current plant milk intakes are steady to slightly higher. Warmer temperatures were again melting the snow cover.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

|                           | JAN 31 – FEB 6  | PREVIOUS YEAR   |
|---------------------------|-----------------|-----------------|
| SLAUGHTER COWS            | \$ 41.00- 46.50 | \$ 41.00- 46.00 |
| REPLACEMENT HEIFER CALVES | \$450.00-600.00 | \$250.00-350.00 |

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

|                | JAN 31 – FEB 6  | PREVIOUS YEAR   |
|----------------|-----------------|-----------------|
| SLAUGHTER COWS | \$ 39.50- 47.50 | \$ 39.00- 49.50 |

## W E S T

December 2001 pool receipts of milk in CALIFORNIA total 2.804 billion pounds, 5.0% higher than a year prior. Cumulative pool output for calendar year 2001 totals 33.078 billion pounds, up 4.8% (unadjusted) from 2000. The December blend price, at a fat test of 3.85%, is \$12.33, \$0.60 lower than November but \$0.25 higher than December 2000. The percentage of receipts used in Class 1 products is 19.07%. The December quota price is \$12.93 and the over quota price is \$11.23. These prices are \$0.74 lower than November 2001 but \$0.05 higher than a year ago. The January 2002, 4a price (butter/powder) in California is \$11.46, up \$0.01 from December but \$0.53 lower than last year. This compares to the Federal Order Class IV price for January at \$11.93. The January 4b price (cheese) is \$11.42, up \$0.45 from December and \$2.20 higher than last year. This compares to the Federal Order Class III price for January at \$11.87. California milk production is showing little change from recent weeks. In spite of typical seasonal weather conditions, milk output is holding mostly steady at levels generally a few points above last year. Cow numbers continue to be added in the state. Milk supplies are increasing a bit in the south. Producing plants are running efficiently and able to process the milk. In the Central Valley, milk is mostly steady. There is some shifting of milk between plants due to price considerations. However, due to overall product weaknesses, contracts and efficiency factors, there are often few choices to move milk. There are indications that fluid milk orders are slower than anticipated. This is putting more milk into manufacturing plants. Milk output in ARIZONA is trending seasonally higher. Plant intakes continue to increase as well as fat and solids levels. Producing conditions are conducive for milk cows. Conditions remain generally favorable for steady milk production levels in New Mexico. Weather has been fair for milk output and cooler temperatures have often limited growth. Milk is moving to normal processing avenues and no major shifts in processing are noted. Wet conditions with some fog are common over portions of the PACIFIC NORTHWEST. Some contacts note that, as is usually the case, there have not been many drying days between shower activities. The ground is continuously wet. Many are noting some increasing herd health problems. They also note increasing milk output as the days become longer. Some believe an early spring flush is commencing. Fat and protein tests are fair. Hay quality seems to be holding up fairly well through the winter feeding season. Conditions remain cold through much of IDAHO and UTAH. It has been cold long enough to impact milk production in some parts of the states. More feed is going into animal maintenance than into milk production. Daily routines are taking much longer because of facilities freezing up and things breaking. Most contacts are hoping for some relief in the near future. The Western CREAM market remains weak. Supplies of cream are plentiful in the region and are being met with indifferent interest. The butter price at the CME declined 10 cents in two trading sessions this week. Butter offerings are not clearing. Cream multiples are in a wide range of 100 to 120, FOB. In California, cream is being offered at discounts to the class fat price.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Prices are unchanged to lower on a steady to weak market. Production is steady to higher in response to seasonal increases in milk output. Heavier supplies and competition from the West are encouraging Central manufacturers to lower prices with the best deals available on multiple loads. Demand is fair at best. Stocks are in better balance than the week prior. High heat prices are lower for the mostly contractual interest. Standard grade interest is good for the limited supplies.

**EAST:** Prices are steady and the market tone remains unsettled. The market "made it" through January without a support price tilt change, but there are now rumors from the trade that the change is eminent. To most contacts, this is an indication that NDM purchases may hold in the same mode as they have been. Spot purchases are slow to fair and generally as needed. From a buyers' perspective, why buy too far ahead if there is a possibility that prices will be a dime lower sometime in the future. Also, buyers are currently resisting any on the higher offers. Production levels are moderate to heavy as surplus milk volumes are holding at near-flush levels. Producer stocks are growing. Sales of Eastern NDM to CCC continue.

**DAIRY PRODUCTS:** Production of human food, nonfat dry milk during December 2001 totaled 144.3 million pounds, up 18.9% from December 2000 and 19.0% above November 2001. Month ending stocks, at 121.4 million pounds, are 17.0% below a year ago but 7.8% higher than November 2001.

Includes EXTRA GRADE and GRADE A

F.O.B. CENTRAL/EAST:

|                  |                |         |               |
|------------------|----------------|---------|---------------|
| LOW/MEDIUM HEAT: | .9000 - .9725  | MOSTLY: | .9300 - .9600 |
| HIGH HEAT:       | .9600 - 1.0250 |         |               |

**NONFAT DRY MILK - WEST**

Prices continue to show slight declines in the low/medium heat nonfat dry milk range. The market tone remains weak. The trade still anticipates a support price tilt and decisions are based to that end. There are more indications that production is stronger than anticipated. Schedules continue to be active. Domestic sales beyond contracted amounts are light and even some contracted amounts have slowed, especially to cheese producers. Support offerings remain at high levels. During the period of January 28 - 29, adjusted support program purchases totaled 7,153,777 million pounds of NDM with 6,442,814 pounds from the West. High heat prices are lower in light trading. Production, supplies and demand are in close balance. U.S. NDM production in December totaled 144.3 million pounds, up 18.9% from last year and 19.0% higher than November. December production in the West region totaled 111.3 million pounds, up 19.6% from last year. California totaled 63.6 million pounds, up 8.1% from last year. U.S. stocks at the end of December were reported at 121.4 million pounds, down 17.0% from last year but up 7.8% from last month. U.S. NDM production for the calendar year 2001 totaled 1.45 billion pounds, down 0.2% (unadjusted) from 2000.

Includes EXTRA GRADE and GRADE A

|                  |                |         |               |
|------------------|----------------|---------|---------------|
| LOW/MEDIUM HEAT: | .8950 - .9950  | MOSTLY: | .9000 - .9225 |
| HIGH HEAT:       | .9325 - 1.0000 |         |               |

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

| WEEK ENDING | PRICE   | TOTAL SALES | SALES TO CCC |
|-------------|---------|-------------|--------------|
| February 1  | \$.9018 | 14,555,823  | 10,572,669   |
| January 25  | \$.9041 | 16,312,429  | 10,234,920   |

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to lower on a weak market. Lower prices are generating some interest yet demand remains insufficient to clear excess supplies. Offering prices are being reported as low as .8100 FOB. Trading appears predominately at the lower end of the range. Production is steady as churning activity remains strong. However, increased sales of condensed buttermilk into ice cream facilities are easing dryer time at some locations. Dry buttermilk production during December 2001 totaled 5.6 million pounds, up 0.9% from December 2000 and 35.7% higher than November 2001. Month ending stocks, at 6.0 million pounds, are 4.0% above last year and 48.0% higher than last month.

|             |               |
|-------------|---------------|
| BUTTERMILK: | .8500 - .9500 |
|-------------|---------------|

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady to lower in the East and the market tone is weak. Eastern production of dry buttermilk is lighter than one might expect considering the volume of churning activity. Some Eastern butter makers do move their buttermilk as a liquid, which helps ease the need to dry it. Those that are drying are building stocks. Demand is slow to fair at local plants as buyers are finding lower priced powder in the Midwest. Dry buttermilk production during December 2001 totaled 5.6 million pounds, up 0.9% from December 2000 and 35.7% more than November 2001. Month ending stocks, at 6.0 million pounds, are 4.0% more than last year and 48.0% more than a month ago.

|                   |                |
|-------------------|----------------|
| F.O.B. NORTHEAST: | .9500 - 1.0100 |
| DELVD SOUTHEAST:  | .9200 - .9800  |

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are lower in light trading. The market tone remains weak. Several buyers in the region reached into the Central region for better deals on purchases this week. Buying interest remains limited. Drying schedules are active, mirroring higher butter output. Stocks remain light to moderate. U.S. dry buttermilk production in December totaled 5.6 million pounds, up 0.9% from last year and 35.7% higher than November. Stocks at the end of December were reported at 6.0 million pounds, up 4.0% from a year earlier and 48.0% above November.

|             |                |         |                |
|-------------|----------------|---------|----------------|
| BUTTERMILK: | .9200 - 1.0400 | MOSTLY: | .9700 - 1.0000 |
|-------------|----------------|---------|----------------|

**DRY WHOLE MILK - NATIONAL**

Prices are mixed and remain nominal. Production levels are light to moderate. At this time, some dryers are too busy making NDM to take the time to make dry whole milk. Producer stocks are closely balanced. Demand is generally contractual. Dry whole milk production during December 2001 totaled 2.9 million pounds, down 55.5% from December 2000 and 11.2% below November 2001. Month ending stocks are not reported for this product.

|                         |                 |
|-------------------------|-----------------|
| F.O.B. PRODUCING PLANT: | 1.2200 - 1.2800 |
|-------------------------|-----------------|

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2001 THROUGH FEBRUARY 1, 2002  
WITH CHANGES FROM PREVIOUS REPORT

|                 |    |        |                     |
|-----------------|----|--------|---------------------|
| NONFAT DRY MILK | -- | 28,297 | MT (62,383,566 LBS) |
| CHANGE          | -- | 967    | MT (2,131,848 LBS)  |

|        |    |       |                    |
|--------|----|-------|--------------------|
| CHEESE | -- | 3,030 | MT (6,679,938 LBS) |
|--------|----|-------|--------------------|

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are generally lower on a weak market. Lower prices are encouraging some buyers to delay pick-up of contractual shipments. Consequently, manufacturer inventories are building. Multiple load shipments are being offered at a discount with some negotiations reportedly below the bottom end of the range. Production is mostly steady and seasonal. While some brand specific product is trading at a premium, demand is generally lackluster, especially into export markets. Production of human food, dry whey during December 2001 totaled 85.1 million pounds, 3.7% less than December 2000 but 9.7% above November 2001. Month ending stocks, at 35.9 million pounds, are 4.2% below a year ago but 32.3% more than November 2001.

NONHYGROSCOPIC: .2000 - .2550 MOSTLY: .2200 - .2400

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices continue to move lower and the market tone remains weak. There are unconfirmed reports that some large-volume sales of Eastern Grade A taking place in the low 20's. With most Eastern producers reporting building stocks, these rumors are not totally without basis. More producers are "willing to talk" now that they have growing inventories. However, there is growing concern about how far prices will slide. Buyers have just stepped back from the market and are waiting to see where prices will settle out. Some producers feel that some export business would help, but to export, prices have to be well below current levels. Production levels are heavier than expected for January and February. Milk volumes are holding up much higher than anticipated and cheese makers are able to take advantage of some of the low priced milk that is available. Production of human food, dry whey during December 2001 totaled 85.1 million pounds, 3.7% less than December 2000 but 9.7% above November 2001. Month ending stocks, at 35.9 million pounds, are 4.2% below last year but 32.3% more than a month ago. Production of animal feed, dry whey during December totaled 5.3 million pounds, 15.5% less than a year ago but 12.8% above last month.

|                   |              |               |
|-------------------|--------------|---------------|
| F.O.B. NORTHEAST: | EXTRA GRADE  | .2400 - .2475 |
|                   | USPH GRADE A | .2575 - .2800 |
| DELVD SOUTHEAST:  |              | .2600 - .2650 |

**DRY WHEY - WEST**

Western whey prices range from steady to fractionally lower. Prices continue to adjust lower, but the declines are not stimulating a lot of new buying interest. Contacts feel that prices will need to make another move lower to have much of a possibility of developing additional export business. Prices in other regions of the country have become much more competitive with the West. Stocks are heavier than desired at some locations. Total dry whey production for 2001 stands at 1.1 billion pounds, down 7.4% (88.1 million pounds) from 2000. Dry whey human food output for December in the Western region compared to last year was down 28.7%.

NONHYGROSCOPIC: .2150 - .2450 MOSTLY: .2200 - .2350

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to generally lower on a steady to weak market. Milk replacer supplies are limited for the good interest. While some producers gained a premium over last week's market, milk replacer prices are generally adjusting lower with the Extra Grade market. Roller ground movement is unchanged. Some feed buyers are looking to reformulate delactose as changes in WPC and whey markets are making the purchase of delactose cost prohibitive. However, producers report that delactose supplies remain tight with good demand from both feed and edible users, indicating a steady market at least. Production of animal feed dry whey during December 2001 totaled 5.3 million pounds, 15.5% lower than a year ago but 12.8% more than November 2001. Month ending stocks, at 1.9 million pounds, are 67.5% below a year ago and 13.2% lower than last month.

|                               |               |
|-------------------------------|---------------|
| MILK REPLACER:                | .1900 - .2125 |
| ROLLER GROUND:                | .2275 - .2425 |
| DELACTOSE (Min. 20% protein): | .4150 - .4300 |

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to higher on a mostly steady market. Trading is nominal. Most spot buyers are operating on a hand-to-mouth basis. Contractual movement, especially into food accounts, is good. Interest is increasing into some export markets as a substitute to NDM and as a feed protein. However, domestic feed buyers continue to report available New Zealand WPC 80% as well as off grade 80% and 34% as a substitute to Extra Grade 34%. These alternatives are sought more actively in light of the government's last sell back awards. Production is mostly steady and inventories are generally in balance. Production of human food WPC during December 2001 totaled 24.6 million pounds, down 3.8% from December 2000 but 5.4% above November 2001. Manufacturers end-of-month stocks totaled 17.6 million pounds, 62.4% higher than a year ago and 25.1% above last month. Production totals for selected states have been discontinued.

EXTRA GRADE 34% PROTEIN: .5800 - .6800 MOSTLY: .6500 - .6650

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a mostly steady market. More product is again available compared to the week prior. Supply availability is mixed with some plants well in balance and others holding extra loads to clear. Offerings are being noted into brokerage firms. Export offers are being met with lower bids. Sales to end-users are nominal. Production is mostly steady. Lower whey prices are not yet impacting demand on lactose. Off grade supplies are available for the good interest. Lactose production during December 2001 totaled 51.3 million pounds, up 18.2% from December 2000 and 3.2% above November 2001. Month ending stocks, at 27.3 million pounds, are 8.8% lower than a year ago but 33.3% above last month. Production totals for selected regions have been discontinued.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2075 - .2375

**CASEIN - NATIONAL**

Casein prices are basically steady, although the market tone remains weak. Domestic buyers indicate that they are able to secure sufficient stocks at this time. Rennet supplies are not as available as acid. Oceania sources indicate that production and shipments are basically occurring as scheduled. In Europe, producers and handlers are still unsure about the upcoming production season, although most are optimistic and feel that supplies will be in a better position than last season.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

|         |                 |
|---------|-----------------|
| RENNET: | 2.3500 - 2.5000 |
| ACID:   | 2.1800 - 2.3500 |

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are steady. Production levels remain about steady at moderate to heavy levels. Plants are taking advantage of all the surplus milk that is available in most regions of the country. Holiday-depleted inventories are being replenished. Demand is typically slow during this time of year and producers are trying to stimulate some interest. Canned evaporated milk production during December 2001, totaled 37.4 million pounds, 0.8% more than November 2000 but 10.9% less than November 2001. Month ending stocks, at 41.7 million pounds, are 2.3% more than a year ago but 13.7% below last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 33.00

Excluding promotional and other sales allowances. Including new price announcements.

## FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JANUARY

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for January 2002 is \$1.4846 per pound. Thus, the Class II butterfat price is \$1.4916. The protein and other solids prices for January are \$1.9660 and \$0.1392 per pound, respectively. These component prices set the Class III skim milk price at \$6.92 per cwt. The January Class IV skim milk price is \$6.98, which is derived from the nonfat solids price of \$0.7761 per pound. **Product Price Averages:** The product price averages for January are; butter \$1.3324, nonfat dry milk \$0.9161, cheese \$1.2922, and dry whey \$0.2747.

| FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/ |                 |                        |          |           |          |               |
|---|-----------------|------------------------|----------|-----------|----------|---------------|
| FEDERAL MILK ORDER<br>MARKETING AREAS 3/  | ORDER<br>NUMBER | JANUARY 2002           |          |           |          | FEBRUARY 2002 |
|   |                 | CLASS I                | CLASS II | CLASS III | CLASS IV | CLASS I       |
|   |                 | DOLLARS PER 100 POUNDS |          |           |          |               |
| Northeast (Boston) 4/   | 001             | 15.21                  | 12.69    | 11.87     | 11.93    | 15.20         |
| Appalachian (Charlotte) 5/  | 005             | 15.06                  | 12.69    | 11.87     | 11.93    | 15.05         |
| Southeast (Atlanta) 6/  | 007             | 15.06                  | 12.69    | 11.87     | 11.93    | 15.05         |
| Florida (Tampa ) 7/   | 006             | 15.96                  | 12.69    | 11.87     | 11.93    | 15.95         |
| Mideast (Cleveland) 8/  | 033             | 13.96                  | 12.69    | 11.87     | 11.93    | 13.95         |
| Upper Midwest (Chicago) 9/  | 030             | 13.76                  | 12.69    | 11.87     | 11.93    | 13.75         |
| Central (Kansas City) 10/   | 032             | 13.96                  | 12.69    | 11.87     | 11.93    | 13.95         |
| Southwest (Dallas) 11/  | 126             | 14.96                  | 12.69    | 11.87     | 11.93    | 14.95         |
| Arizona-Las Vegas (Phoenix) 12/   | 131             | 14.31                  | 12.69    | 11.87     | 11.93    | 14.30         |
| Western (Salt Lake City) 13/  | 135             | 13.86                  | 12.69    | 11.87     | 11.93    | 13.85         |
| Pacific Northwest (Seattle) 14/   | 124             | 13.86                  | 12.69    | 11.87     | 11.93    | 13.85         |
| All-Market Average  | ---             | 14.54                  | 12.69    | 11.87     | 11.93    | 14.53         |

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63—the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other cities are: Portland, same; and Spokane, same.

## JANUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2002 declined 1 point to 121. Compared with January 2001, the index was down 4 points (3.2 percent). The index of prices received by farmers for dairy products declined 1 point during the month of January 2002 to 102. Compared with January 2001, the index was up 1 point (1.0 percent).

Prices received by farmers in January with changes from December were: for All Milk, \$13.30 per hundredweight (cwt.), down \$.10; for Fluid Grade Milk, \$13.30 per cwt., down \$.10; and for Manufacturing Grade Milk, \$12.50 per cwt., unchanged.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JANUARY 2002 WITH COMPARISONS

| STATE | All-milk price 1/ 3/ |         |                  |         | Milk cows 5/     |         | Cows 6/          |         | All hay baled 7/ |        |
|-------|----------------------|---------|------------------|---------|------------------|---------|------------------|---------|------------------|--------|
|       | Dollars per cwt.     |         | Dollars per cwt. |         | Dollars per head |         | Dollars per cwt. |         | Dollars per ton  |        |
|       | DECEMBER             |         | JANUARY          |         | JANUARY          |         | JANUARY          |         | JANUARY          |        |
|       | 2001                 | 2000 2/ | 2002 4/          | 2001 2/ | 2002 4/          | 2001 2/ | 2002 7/          | 2001 8/ | 2002             | 2001   |
| CA    | 11.81                | 12.31   | 11.90            | 12.19   | 1,800            | 1,480   | 35.50            | 37.50   | 110.00           | 98.00  |
| ID    | 12.60                | 10.90   | 12.60            | 10.80   | 1,600            | 1,320   | 34.10            | 37.80   | 111.00           | 87.00  |
| MI    | 13.50                | 13.20   | 13.70            | 13.90   | 1,550            | 1,200   | 40.50            | 37.50   | 77.00            | 59.00  |
| MN    | 13.70                | 12.60   | 13.60            | 12.90   | 1,470            | 1,180   | 38.00            | 39.70   | 57.00            | 63.00  |
| NY    | 14.00                | 14.20   | 13.90            | 14.10   | 1,500            | 1,250   | ---              | ---     | 104.00           | 106.00 |
| OH    | 13.30                | 13.00   | 13.20            | 13.50   | 1,550            | 1,300   | 36.30            | 39.10   | 99.00            | 88.00  |
| PA    | 14.90                | 14.70   | 14.50            | 14.50   | 1,650            | 1,370   | 39.50            | 40.10   | 124.00           | 108.00 |
| TX    | 14.30                | 14.00   | 14.10            | 14.20   | 1,750            | 1,400   | 38.00            | 37.50   | 71.00            | 67.00  |
| WA    | 13.40                | 13.30   | 13.20            | 13.50   | 1,650            | 1,290   | ---              | ---     | 121.00           | 105.00 |
| WI    | 13.60                | 12.40   | 13.60            | 12.60   | 1,540            | 1,250   | 37.60            | 39.70   | 62.00            | 58.00  |
| U.S.  | 13.40                | 13.00   | 13.30            | 13.20   | 1,610            | 1,320   | 37.10            | 39.00   | 93.00            | 84.90  |

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., JANUARY 2002 WITH COMPARISONS

| ITEM  | JANUARY<br>2001 | DECEMBER<br>2001 2/ | JANUARY<br>2002 3/ |
|---|-----------------|---------------------|--------------------|
| <b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test:                      |                 |                     |                    |
| All milk  | 13.20           | 13.40               | 13.30              |
| Fluid grade milk  | 13.20           | 13.40               | 13.30              |
| Manufacturing grade milk  | 10.90           | 12.50               | 12.50              |
| <b>INDEX NUMBERS</b> (1990-92=100):   |                 |                     |                    |
| Prices received by farmers for all farm products  | 96              | 95                  | 96                 |
| Prices received by farmers for dairy products   | 101             | 103                 | 102                |
| Prices paid by farmers for commodities and services, interest taxes, and wage rates                 | 125             | 122                 | 121                |
| Prices paid by farmers for production items   | 121             | 117                 | 116                |
| Prices paid by farmers for feed   | 112             | 108                 | 108                |
| <b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/ | 3.08            | 3.01                | 2.99               |

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and whole wheat.

**SOURCE:** "Agricultural Prices," Pr 1 (1-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## DECEMBER 2001 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 122.6 million pounds in December, 9.9 percent above December 2000 and 21.1 percent above November 2001. **AMERICAN TYPE CHEESE** production totaled 312.8 million pounds, 3.1 percent above December 2000 and 9.1 percent above November 2001. **TOTAL CHEESE** output (excluding cottage cheese) was 699.5 million pounds, 1.6 percent above December 2000 and 1.9 percent above November 2001. **NONFAT DRY MILK** production, for human food, totaled 144.3 million pounds, 18.9 percent above December 2000 and 19.0 percent above November 2001. **DRY WHEY** production, for human food, was 85.1 million pounds, 3.7 percent below December 2000 but 9.7 percent above November 2001. **ICE CREAM** (hard) production totaled 56.5 million gallons, 5.4 percent above December 2000 but 6.6 percent below November 2001.

| PRODUCTION OF DAIRY PRODUCTS  |            |                      |          |                 |                                   |               |                      |          |                 |
|-------------------------------|------------|----------------------|----------|-----------------|-----------------------------------|---------------|----------------------|----------|-----------------|
| PRODUCT                       | DEC 2001   | PERCENT CHANGE FROM: |          |                 | PRODUCT                           | DEC 2001      | PERCENT CHANGE FROM: |          |                 |
|                               | 1,000 LBS. | DEC 2000             | NOV 2001 | YEAR TO DATE 1/ |                                   | 1,000 LBS.    | DEC 2000             | NOV 2001 | YEAR TO DATE 1/ |
| BUTTER                        | 122,637    | 9.9                  | 21.1     | -3.9            | YOGURT (PLAIN AND FLAVORED)       | 160,778       | 17.3                 | 11.3     | ---             |
| CHEESE                        |            |                      |          |                 | CONDENSED WHEY, SOLIDS CONTENT 6/ |               |                      |          |                 |
| AMERICAN TYPES 2/             | 312,790    | 3.1                  | 9.1      | -2.3            | SWEET -TYPE, HUMAN FOOD           | 12,814        | 63.0                 | 8.9      | ---             |
| CHEDDAR                       | 241,471    | 1.8                  | 10.2     | -2.0            | SWEET -TYPE, ANIMAL FEED          | 1,291         | 11.8                 | 1.9      | ---             |
| SWISS                         | 20,205     | 6.8                  | 2.9      | ---             | DRY WHEY PRODUCTS                 |               |                      |          |                 |
| BRICK & MUENSTER              | 7,717      | 1.6                  | 4.7      | ---             | DRY WHEY, HUMAN FOOD              | 85,126        | -3.7                 | 9.7      | ---             |
| CREAM & NEUFCHATEL            | 46,929     | -17.1                | -32.4    | ---             | DRY WHEY, ANIMAL FEED             | 5,325         | -15.5                | 12.8     | ---             |
| HISPANIC                      | 8,294      | 4.4                  | -6.9     | C               | REDUCED LACTOSE AND MINERALS      |               |                      |          |                 |
| MOZZARELLA                    | 230,849    | 2.2                  | 5.3      | 1.2             | HUMAN FOOD                        | 7,046         | -1.0                 | -0.7     | ---             |
| OTHER ITALIAN TYPES           | 56,048     | 7.1                  | -4.6     | -3.6            | ANIMAL FEED                       | 3,204         | 14.2                 | 0.5      | ---             |
| TOTAL ITALIAN TYPES           | 286,897    | 3.1                  | 3.2      | 0.2             | LACTOSE, HUMAN FOOD & ANIMAL FEED | 51,311        | 18.2                 | 3.2      | ---             |
| ALL OTHER TYPES               | 16,654     | 6.4                  | 1.7      | ---             | WHEY PROTEIN CONCENTRATE          |               |                      |          |                 |
| TOTAL                         | 699,486    | 1.6                  | 1.9      | -1.2            | HUMAN FOOD                        | 24,569        | -3.8                 | 5.4      | ---             |
| COTTAGE CHEESE, CURD 3/       | 33,328     | -0.2                 | -4.1     | ---             | ANIMAL FEED                       | 3,993         | 1.1                  | 1.9      | ---             |
| COTTAGE CHEESE, CREAM 4/      | 27,936     | 1.0                  | -6.5     | -0.1            |                                   |               |                      |          |                 |
| COTTAGE CHEESE, LOWFAT 5/     | 25,479     | -2.5                 | -9.8     | 0.4             |                                   |               |                      |          |                 |
| CANNED EVAPORATED & CONDENSED |            |                      |          |                 | FROZEN PRODUCTS                   | 1,000 GALLONS | PERCENT CHANGE FROM: |          |                 |
| WHOLE MILK                    | 37,377     | 0.8                  | -10.9    | ---             | ICE CREAM (HARD)                  | 56,548        | 5.4                  | -6.6     | -1.7            |
| DRY WHOLE MILK                | 2,900      | -55.5                | -11.2    | ---             | ICE CREAM, LOWFAT (HARD)          | 6,501         | 15.7                 | 13.3     | ---             |
| NONFAT DRY MILK, HUMAN FOOD   | 144,309    | 18.9                 | 19.0     | -0.2            | ICE CREAM, LOWFAT (SOFT)          | 17,726        | 6.7                  | -9.1     | ---             |
| DRY SKIM MILK, ANIMAL FEED    | 510        | -3.4                 | 21.7     | ---             | ICE CREAM, LOWFAT (TOTAL)         | 24,227        | 9.0                  | -4.0     | 3.7             |
| DRY BUTTERMILK                | 5,604      | 0.9                  | 35.7     | ---             | SHERBET (HARD)                    | 3,166         | 4.2                  | 0.6      | 1.4             |
|                               |            |                      |          |                 | YOGURT (TOTAL)                    | 5,467         | 3.7                  | -8.6     | -2.8            |

## MANUFACTURERS' STOCKS, END OF MONTH 7/

| PRODUCT                                      | DEC 2001   | PERCENT OF: |          | PRODUCT                                  | DEC 2001   | PERCENT OF: |          |
|--|------------|-------------|----------|--|------------|-------------|----------|
|  | 1,000 LBS. | DEC 2000    | NOV 2001 |  | 1,000 LBS. | DEC 2000    | NOV 2001 |
| DRY WHEY PRODUCTS                            |            |             |          | WHEY PROTEIN CONCENTRATE                 |            |             |          |
| DRY WHEY, HUMAN FOOD                         | 35,900     | -4.2        | 32.3     | HUMAN FOOD                               | 17,635     | 62.4        | 25.1     |
| DRY WHEY, ANIMAL FEED                        | 1,937      | -67.5       | -13.2    | ANIMAL FEED                              | 929        | -26.1       | -48.4    |
| REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/ | 7,733      | 11.6        | 4.2      | CANNED EVAPORATED & CONDENSED WHOLE MILK | 41,681     | 2.3         | -13.7    |
| LACTOSE, HUMAN FOOD & ANIMAL FEED            | 27,264     | -8.8        | 33.3     | DRY WHOLE MILK 9/                        | ----       | ----        | ----     |
| DRY BUTTERMILK, TOTAL                        | 6,043      | 4.0         | 48.0     | NONFAT DRY MILK FOR HUMAN FOOD           | 121,436    | -17.0       | 7.8      |
|  |            |             |          | DRY SKIM MILK FOR ANIMAL FEED 9/         | ----       | ----        | ----     |

1/ 2001 cumulative as percent change of 2000 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese.

4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. 9/ Information for these products was not shown in current report.

SOURCE: "Dairy Products," Da 2-6 (2-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## FEDERAL MILK ORDER PRICE AND POOL SUMMARY, ANNUAL

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for 2001 have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During 2001, about 120.2 billion pounds of milk were received from producers. This volume of milk is 3.1 percent higher than the 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.6 percent.) About 45.9 billion pounds of producer milk were used in Class I products, 0.1 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2001 as compared to 2000. Percentage changes have been adjusted for the different number of days in the two periods. The all-market average Class utilizations were; Class I = 38%, Class II = 10%, Class III = 44%, and Class IV = 8%. The weighted average statistical uniform price was \$14.90 per cwt., \$2.79 higher than last year.

| PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF YEAR 2001 |                      |                           |                        |   |                        |           |   |           |          |                             |
|---|----------------------|---------------------------|------------------------|---|------------------------|-----------|---|-----------|----------|-----------------------------|
| FEDERAL MILK ORDER MARKETING AREA <sup>1/</sup>   | ORDER NUMBER         | RECEIPTS OF PRODUCER MILK |                        | UTILIZATION OF PRODUCER MILK IN CLASS I |                        |           | UTILIZATION OF PRODUCER MILK IN OTHER CLASSES |           |          | UNIFORM PRICE <sup>2/</sup> |
|   |                      | TOTAL                     | CHANGE FROM PREV. YEAR | TOTAL                                   | CHANGE FROM PREV. YEAR | PERCENT   | CLASS II                                      | CLASS III | CLASS IV |                             |
|   |                      | MIL. LBS.                 | PERCENT                | MIL. LBS.                               | PERCENT                |           | PERCENT                                       |           |          | \$ PER CWT.                 |
| Northeast (Boston)  | 001                  | 24,557.2                  | 2.7                    | 10,642.1                                | 1.5                    | 43        | 17  | 31        | 9        | 15.68                       |
| Appalachian (Charlotte)   | 005                  |                           | 5.9                    | 4,352.5                                 | 0.5                    | 65        | 15  | 9         | 11       | 16.31                       |
|   |                      | 6,673.2                   |                        |   |                        |           |   |           |          |                             |
| Southeast (Atlanta)   | 007                  | 7,769.3                   | 4.1                    | 4,805.2                                 | -1.0                   | 62        | 11  | 19        | 8        | 16.07                       |
| Florida (Tampa)   | 006                  | 2,771.8                   | -3.1                   | 2,491.8                                 | -1.1                   | 90        | 7   | 1         | 2        | 17.76                       |
| Mideast (Cleveland)   | 033 <sup>3/</sup>    | 17,228.6                  | 21.8                   | 6,632.7                                 | -1.0                   | 38        | 12  | 46        | 4        | 14.58                       |
| Upper Midwest (Chicago)   | 030 <sup>3/</sup>    | 20,062.3                  | -14.1                  | 3,969.2                                 | -2.7                   | 20        | 3   | 76        | 1        | 13.70                       |
| Central (Kansas City)   | 032 <sup>3/</sup>    | 17,835.8                  | 11.5                   | 4,880.9                                 | 0.4                    | 27        | 6   | 62        | 5        | 14.21                       |
| Southwest (Dallas)  | 126 <sup>3/</sup>    | 8,603.6                   | -1.0                   | 4,029.1                                 | 1.8                    | 47        | 9   | 37        | 7        | 15.48                       |
| Arizona-Las Vegas (Phoenix)   | 131                  | 2,956.1                   | -4.7                   | 953.0                                   | -1.8                   | 32        | 5   | 40        | 23       | 14.43                       |
| Western (Salt Lake City)  | 135 <sup>3/</sup>    | 4,676.9                   | 15.8                   | 1,033.0                                 | 2.2                    | 22        | 10  | 52        | 16       | 14.16                       |
| Pacific Northwest (Seattle)   | 124 <sup>3/</sup>    | 7,087.6                   | 4.9                    | 2,097.8                                 | 0.2                    | 30        | 7   | 34        | 29       | 14.32                       |
| <b>ALL MARKET AVERAGE OR TOTAL</b>  | <b><sup>3/</sup></b> | <b>120,222.7</b>          | <b>3.1</b>             | <b>45,887.4</b>                         | <b>0.1</b>             | <b>38</b> | <b>10</b>                                     | <b>44</b> | <b>8</b> | <b>14.90</b>                |

<sup>1/</sup> Names in parentheses are the major city in the principal pricing point of the market.

<sup>2/</sup> Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

<sup>3/</sup> Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 3.4 billion pounds of milk in 2001 that normally would have been associated with these markets. In 2000, the estimated not-pooled volume of milk was 3.6 billion pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +2.6.

## JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 2002, totaled 9.11 million head, down 1 percent from both January 1, 2001 and two years ago.

Milk replacement heifers totaled 4.06 million head, up slightly from January 1, 2001 and up 1.5 percent from January 1, 2000.

The number of milk replacement heifers per 100 milk cows on January 1, 2002 was 44.6, up from 44.2 on January 1, 2001, and up from 43.5 on January 1, 2000.

## MILK COW INVENTORY: Number by Class, January 1, 2001-2002

| State | Milk Cows that Have Calved |       | Heifers for Milk Cow Replacement |      | State | Milk Cows that Have Calved |       | Heifers for Milk Cow Replacement |       |
|-------|----------------------------|-------|----------------------------------|------|-------|----------------------------|-------|----------------------------------|-------|
|       | 2001                       | 2002  | 2001                             | 2002 |       | 2001                       | 2002  | 2001                             | 2002  |
|       | 1,000 Head                 |       |                                  |      |       | 1,000 Head                 |       |                                  |       |
| AL    | 23                         | 20    | 9                                | 7    | NE    | 75                         | 68    | 30                               | 25    |
| AK    | 1.1                        | 1.2   | 0.4                              | 0.5  | NV    | 25                         | 25    | 12                               | 10    |
| AZ    | 140                        | 140   | 31                               | 33   | NH    | 18                         | 18    | 8                                | 8     |
| AR    | 37                         | 33    | 15                               | 15   | NJ    | 16                         | 13    | 6                                | 6     |
| CA    | 1,560                      | 1,620 | 750                              | 770  | NM    | 261                        | 290   | 55                               | 60    |
| CO    | 90                         | 91    | 45                               | 40   | NY    | 670                        | 675   | 295                              | 300   |
| CT    | 26                         | 24    | 11.5                             | 11.5 | NC    | 69                         | 66    | 30                               | 30    |
| DE    | 9                          | 9     | 3.5                              | 3.5  | ND    | 46                         | 42    | 14                               | 15    |
| FL    | 155                        | 152   | 40                               | 40   | OH    | 265                        | 260   | 115                              | 110   |
| GA    | 86                         | 86    | 31                               | 29   | OK    | 90                         | 87    | 20                               | 20    |
| HI    | 7                          | 7     | 3                                | 3    | OR    | 90                         | 105   | 60                               | 55    |
| ID    | 354                        | 377   | 165                              | 175  | PA    | 610                        | 588   | 280                              | 285   |
| IL    | 118                        | 115   | 60                               | 50   | RI    | 1.6                        | 1.4   | 1.1                              | 0.7   |
| IN    | 151                        | 154   | 62                               | 66   | SC    | 22                         | 20    | 10                               | 8     |
| IA    | 215                        | 205   | 115                              | 120  | SD    | 101                        | 98    | 30                               | 30    |
| KS    | 96                         | 95    | 70                               | 40   | TN    | 95                         | 90    | 45                               | 40    |
| KY    | 130                        | 125   | 40                               | 40   | TX    | 345                        | 310   | 100                              | 100   |
| LA    | 57                         | 54    | 12                               | 11   | UT    | 95                         | 93    | 46                               | 44    |
| ME    | 38                         | 38    | 19.5                             | 20   | VT    | 155                        | 154   | 62                               | 58    |
| MD    | 82                         | 81    | 34                               | 33   | VA    | 119                        | 120   | 57                               | 60    |
| MA    | 21                         | 21    | 9                                | 9    | WA    | 246                        | 247   | 104                              | 105   |
| MI    | 300                        | 297   | 130                              | 135  | WV    | 17                         | 16    | 5                                | 5     |
| MN    | 520                        | 500   | 290                              | 295  | WI    | 1,325                      | 1,280 | 635                              | 650   |
| MS    | 36                         | 34    | 15                               | 15   | WY    | 5                          | 5     | 1                                | 1     |
| MO    | 150                        | 140   | 65                               | 60   |       |                            |       |                                  |       |
| MT    | 19                         | 19    | 10                               | 13   | U.S.  | 9,183                      | 9,110 | 4,057                            | 4,060 |

**SOURCE:** "Cattle," Mt An 2 (2-02), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.

| ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, FEBRUARY 2002, WITH COMPARISONS 1/ |                           |               |             |          |               |             |          |               |             |          |               |             |
|---|---------------------------|---------------|-------------|----------|---------------|-------------|----------|---------------|-------------|----------|---------------|-------------|
| CITY  | FEB 2000                  |               |             | FEB 2001 |               |             | JAN 2002 |               |             | FEB 2002 |               |             |
|   | Coop.                     | Federal Order | Differ-ence | Coop.    | Federal Order | Differ-ence | Coop.    | Federal Order | Differ-ence | Coop.    | Federal Order | Differ-ence |
|   | Dollars Per Hundredweight |               |             |          |               |             |          |               |             |          |               |             |
| Atlanta, GA   | 15.56                     | 13.81         | 1.75        | 16.37    | 15.04         | 1.33        | 16.25    | 15.06         | 1.19        | 16.25    | 15.05         | 1.20        |
| Baltimore, MD   | 15.16                     | 13.71         | 1.45        | 16.69    | 14.94         | 1.75        | 16.71    | 14.96         | 1.75        | 16.70    | 14.95         | 1.75        |
| Boston, MA  | 14.44                     | 13.96         | 0.48        | 15.67    | 15.19         | 0.48        | 16.81    | 15.21         | 1.60        | 16.80    | 15.20         | 1.60        |
| Carbondale, IL  | 14.62                     | 12.91         | 1.71        | 15.85    | 14.14         | 1.71        | 15.41**  | 14.16         | 1.25**      | 15.40    | 14.15         | 1.25        |
| Charlotte, NC   | 15.56                     | 13.81         | 1.75        | 16.37    | 15.04         | 1.33        | 16.25    | 15.06         | 1.19        | 16.25    | 15.05         | 1.20        |
| Chicago, IL   | 14.24                     | 12.51         | 1.73        | 15.24    | 13.74         | 1.50        | 15.73    | 13.76         | 1.97        | 15.55    | 13.75         | 1.80        |
| Cincinnati, OH  | 14.56                     | 12.91         | 1.65        | 15.92    | 14.14         | 1.78        | 15.96    | 14.16         | 1.80        | 15.95    | 14.15         | 1.80        |
| Cleveland, OH   | 14.21                     | 12.71         | 1.50        | 15.72    | 13.94         | 1.78        | 15.76    | 13.96         | 1.80        | 15.75    | 13.95         | 1.80        |
| Dallas, TX  | 15.01                     | 13.71         | 1.30        | 15.74    | 14.94         | 0.80        | 15.82    | 14.96         | 0.86        | 15.82    | 14.95         | 0.87        |
| Denver, CO  | 13.81                     | 13.26         | 0.55        | 15.19    | 14.49         | 0.70        | 15.36*   | 14.51         | 0.85*       | 15.35    | 14.50         | 0.85        |
| Des Moines, IA  | 13.81                     | 12.51         | 1.30        | 14.95    | 13.74         | 1.21        | 14.91    | 13.76         | 1.15        | 14.90    | 13.75         | 1.15        |
| Detroit, MI   | 13.76                     | 12.51         | 1.25        | 14.99    | 13.74         | 1.25        | 15.03    | 13.76         | 1.27        | 15.03    | 13.75         | 1.28        |
| Hartford, CT  | 14.34                     | 13.86         | 0.48        | 15.57    | 15.09         | 0.48        | 16.71    | 15.11         | 1.60        | 16.70    | 15.10         | 1.60        |
| Houston, TX   | 15.61                     | 14.31         | 1.30        | 16.34    | 15.54         | 0.80        | 16.42    | 15.56         | 0.86        | 16.42    | 15.55         | 0.87        |
| Indianapolis, IN  | 14.36                     | 12.71         | 1.65        | 15.72    | 13.94         | 1.78        | 15.76    | 13.96         | 1.80        | 15.75    | 13.95         | 1.80        |
| Kansas City, MO   | 14.36                     | 12.71         | 1.65        | 15.15    | 13.94         | 1.21        | 15.11    | 13.96         | 1.15        | 15.10    | 13.95         | 1.15        |
| Louisville, KY  | 14.31                     | 12.91         | 1.40        | 15.39    | 14.14         | 1.25        | 15.16    | 14.16         | 1.00        | 15.15    | 14.15         | 1.00        |
| Memphis, TN   | 15.01                     | 13.51         | 1.50        | 15.82    | 14.74         | 1.08        | 15.75    | 14.76         | 0.99        | 15.75    | 14.75         | 1.00        |
| Miami, FL   | 18.06                     | 15.01         | 3.05        | 18.88    | 16.24         | 2.64        | 18.76    | 16.26         | 2.50        | 18.76    | 16.25         | 2.51        |
| Milwaukee, WI   | 14.19                     | 12.46         | 1.73        | 15.34    | 13.69         | 1.65        | 15.83    | 13.71         | 2.12        | 15.65    | 13.70         | 1.95        |
| Minneapolis, MN   | 13.50                     | 12.41         | 1.09        | 14.70    | 13.64         | 1.06        | 15.34    | 13.66         | 1.68        | 15.16    | 13.65         | 1.51        |
| New Orleans, LA   | 15.71                     | 14.31         | 1.40        | 16.52    | 15.54         | 0.98        | 16.40    | 15.56         | 0.84        | 16.40    | 15.55         | 0.85        |
| Oklahoma City, OK   | 14.71                     | 13.31         | 1.40        | 15.59    | 14.54         | 1.05        | 15.61    | 14.56         | 1.05        | 15.60    | 14.55         | 1.05        |
| Omaha, NE   | 13.81                     | 12.56         | 1.25        | 15.00    | 13.79         | 1.21        | 14.96    | 13.81         | 1.15        | 14.95    | 13.80         | 1.15        |
| Philadelphia, PA  | 15.18                     | 13.76         | 1.42        | 16.86    | 14.99         | 1.87        | 16.88    | 15.01         | 1.87        | 16.87    | 15.00         | 1.87        |
| Phoenix, AZ   | 13.71                     | 13.06         | 0.65        | 14.44    | 14.29         | 0.15        | 14.46    | 14.31         | 0.15        | 14.45    | 14.30         | 0.15        |
| Pittsburgh, PA  | 14.01                     | 12.81         | 1.20        | 16.24    | 14.04         | 2.20        | 16.26    | 14.06         | 2.20        | 16.25    | 14.05         | 2.20        |
| St. Louis, MO   | 14.42                     | 12.71         | 1.71        | 15.65    | 13.94         | 1.71        | 15.21**  | 13.96         | 1.25**      | 15.20    | 13.95         | 1.25        |
| Salt Lake City, UT  | 12.86                     | 12.61         | 0.25        | 14.09    | 13.84         | 0.25        | 14.16    | 13.86         | 0.30        | 14.15    | 13.85         | 0.30        |
| Seattle, WA   | 14.74                     | 12.61         | 2.13        | 14.51    | 13.84         | 0.67        | 14.28*   | 13.86         | 0.42*       | 15.42    | 13.85         | 1.57        |
| Spokane, WA   | 14.74                     | 12.61         | 2.13        | 14.51    | 13.84         | 0.67        | 14.28*   | 13.86         | 0.42*       | 15.42    | 13.85         | 1.57        |
| Springfield, MO   | 14.46                     | 12.91         | 1.55        | 15.19    | 14.14         | 1.05        | 14.96    | 14.16         | 0.80        | 14.95    | 14.15         | 0.80        |
| Washington, DC  | 15.16                     | 13.71         | 1.45        | 16.69    | 14.94         | 1.75        | 16.71    | 14.96         | 1.75        | 16.70    | 14.95         | 1.75        |
| Simple Average  | 14.61                     | 13.19         | 1.42        | 15.66    | 14.42         | 1.24        | 15.73*   | 14.44         | 1.29*       | 15.77    | 14.43         | 1.34        |

\* Revised. \*\* Revised to reflect the inclusion of credits for uniform receipts and purchase based on farm weights and test.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

## U.S. IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 1999-2000 ANNUAL, JANUARY-OCTOBER 2001

COMMODITY SUMMARY OF U.S. IMPORTS OF DAIRY PRODUCTS 1/

| Commodity                      | Quantity (in 1,000 Metric Tons) |       |                   | Value (\$ Million) |         |                   |
|--------------------------------|---------------------------------|-------|-------------------|--------------------|---------|-------------------|
|                                | 1999                            | 2000  | Jan.-Oct.<br>2001 | 1999               | 2000    | Jan.-Oct.<br>2001 |
| Milk and Cream <u>2/</u>       | 16.8                            | 8.3   | 11.0              | 17.0               | 9.2     | 12.8              |
| Ice Cream                      | 6.6                             | 1.6   | 2.0               | 18.0               | 3.8     | 4.0               |
| Dry Milk                       | 10.6                            | 8.4   | 5.9               | 16.6               | 14.7    | 13.0              |
| Dry Whey                       | 11.0                            | 15.6  | 17.1              | 10.8               | 15.8    | 13.3              |
| Cheese                         | 197.5                           | 189.8 | 120.1             | 704.9              | 685.6   | 428.5             |
| Butter & Milkfat               | 18.1                            | 13.7  | 32.1              | 32.9               | 21.6    | 50.5              |
| Casein                         | 108.3                           | 120.4 | 88.4              | 403.2              | 500.4   | 435.3             |
| Milk Protein Concentrate       | 44.9                            | 52.7  | 23.4              | 122.3              | 152.8   | 83.1              |
| Other Dairy Products <u>3/</u> | ---                             | ---   | ---               | 99.4               | 129.7   | 307.3             |
| Total <u>3/</u>                | ---                             | ---   | ---               | 1,425.1            | 1,533.6 | 1,347.8           |

1/ Data may differ from U.S. Customs Service data, which is used to administer dairy import quotas. Differences are due to transshipments, errors in classification, and processing lags. 2/ Quantity shown in million liters; includes yogurt. 3/ Volume not shown due to the use of mixed units.

## COMMODITY SUMMARY OF U.S. EXPORTS OF DAIRY PRODUCTS

| Commodity                     | Quantity (in 1,000 Metric Tons) <u>1/</u> |      |                   | Value (\$ Million) |       |                   |
|-------------------------------|---|------|-------------------|--------------------|-------|-------------------|
|                               | 1999                                      | 2000 | Jan.-Oct.<br>2001 | 1999               | 2000  | Jan.-Oct.<br>2001 |
| Nonfat Dry Milk               | 141.3                                     | 84.3 | 74.0              | 192.9              | 136.3 | 151.0             |
| Condensed & Evaporated Milk   | 4.8                                       | 5.2  | 8.3               | 3.6                | 4.2   | 7.8               |
| Dry Whole Milk & Cream        | 17.7                                      | 25.4 | 31.2              | 21.5               | 37.9  | 37.8              |
| Fluid Milk & Cream <u>2/</u>  | 18.3                                      | 24.0 | 21.3              | 16.2               | 20.4  | 18.0              |
| Yogurt & Other Fermented Milk | ---                                       | ---  | ---               | 7.8                | 8.2   | 8.2               |
| Butter & Milkfat              | 3.2                                       | 8.2  | 3.2               | 4.5                | 7.4   | 4.3               |
| Ice Cream                     | 39.6                                      | 40.4 | 34.8              | 84.5               | 88.1  | 72.4              |
| Cheese & Curd                 | 38.3                                      | 46.8 | 43.4              | 130.2              | 138.4 | 133.4             |
| Casein                        | 5.2                                       | 5.0  | 2.9               | 25.5               | 48.7  | 16.7              |
| Whey                          | ---                                       | ---  | ---               | 126.2              | 170.8 | 122.7             |
| Other Dairy Products          | ---                                       | ---  | ---               | 298.5              | 327.3 | 309.9             |
| Total <u>1/</u>               | ---                                       | ---  | ---               | 911.6              | 987.8 | 882.3             |

1/ Volume information for whey, yogurt and other fermented milk, other dairy products, and total is not available as these commodities are reported in mixed units. 2/ Quantity shown in million liters.

**SOURCE:** "Dairy: World Markets and Trade", FD 2-01, December 2001, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC. Data provided by U.S. Bureau of the Census. For further information, contact Arthur Coffing at (202) 720-3761.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

|                        | FOR THE WEEK OF FEBRUARY 4 - 8, 2002 |                      |                    | CUMULATIVE TOTALS |                       | UNCOMMITTED INVENTORIES# |                       |
|------------------------|--------------------------------------|----------------------|--------------------|-------------------|-----------------------|--------------------------|-----------------------|
|                        | TOTAL PURCHASES                      | CONTRACT ADJUSTMENTS | ADJUSTED PURCHASES | SINCE 10/01/01    | SAME PERIOD LAST YEAR | WEEK ENDING 02/01/02     | SAME PERIOD LAST YEAR |
| <b>BUTTER</b>          |                                      |                      |                    |                   |                       |                          |                       |
| Bulk                   | -0-                                  | -0-                  | -0-                | -0-               | -0-                   | -0-                      | -0-                   |
| Packaged               | -0-                                  | -0-                  | -0-                | -0-               | -0-                   | -0-                      | -0-                   |
| Unsalted               | -0-                                  | -0-                  | -0-                | -0-               | -0-                   | -0-                      | -0-                   |
| <b>TOTAL</b>           | -0-                                  | -0-                  | -0-                | -0-               | -0-                   | -0-                      | -0-                   |
| <b>CHEESE</b>          |                                      |                      |                    |                   |                       |                          |                       |
| Block                  | -0-                                  | -0-                  | -0-                | -0-               | 3,050,083             | -0-                      | -0-                   |
| Barrel                 | -0-                                  | -0-                  | -0-                | -0-               | 4,025,276             | -0-                      | -0-                   |
| Process                | -0-                                  | -0-                  | -0-                | -0-               | 3,762,000             | -0-                      | -0-                   |
| <b>TOTAL</b>           | -0-                                  | -0-                  | -0-                | -0-               | 10,837,359            | -0-                      | -0-                   |
| <b>NONFAT DRY MILK</b> |                                      |                      |                    |                   |                       |                          |                       |
| Nonfortified           | 15,174,872                           | 2,062,544            | 13,112,328         | 146,562,577       | 166,618,827           | 720,277,000              | 397,844,000           |
| Fortified              | -0-                                  | -0-                  | -0-                | -0-               | 26,867,069            | 38,227,000               | 37,339,000            |
| <b>TOTAL</b>           | 15,174,872                           | 2,062,544            | 13,112,328         | 146,562,577       | 193,485,896           | 758,504,000              | 435,183,000           |

# Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

|   | MILKFAT* BASIS | SKIM** SOLIDS |                                    | MILKFAT* BASIS | SKIM** SOLIDS |
|---|----------------|---------------|------------------------------------|----------------|---------------|
| WEEK OF FEBRUARY 4 - 8, 2002 =            | 2.9            | 152.6         | COMPARABLE PERIOD IN 2001 =        | 3.9            | 113.3         |
| CUMULATIVE SINCE OCTOBER 1, 2001 =        | 32.2           | 1,706.0       | CUMULATIVE SAME PERIOD LAST YEAR = | 142.6          | 2,359.5       |
| CUMULATIVE JANUARY 1 - FEBRUARY 8, 2002 = | 15.3           | 810.1         | COMPARABLE CALENDAR YEAR 2001 =    | 26.1           | 876.9         |

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 4 - 8, 2002 (POUNDS)

| REGION  | BUTTER |          |          | CHEESE |        |         | NONFAT DRY MILK |           |
|---------|--------|----------|----------|--------|--------|---------|-----------------|-----------|
|         | BULK   | PACKAGED | UNSALTED | BLOCK  | BARREL | PROCESS | NONFORTIFIED    | FORTIFIED |
| MIDWEST | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | 1,145,806       | -0-       |
| WEST    | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | 11,073,754      | -0-       |
| EAST    | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | 892,768         | -0-       |

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

| REGION       | BUTTER  |         | CHEESE  |            | NONFAT DRY MILK |             | MILK EQUIVALENT (%) |         |
|--------------|---------|---------|---------|------------|-----------------|-------------|---------------------|---------|
|              | 2001/02 | 2000/01 | 2001/02 | 2000/01    | 2001/02         | 2000/01     | 2001/02             | 2000/01 |
| MIDWEST      | -0-     | -0-     | -0-     | 5,757,840  | 3,212,249       | 2,589,324   | 2.2                 | 37.7    |
| WEST         | -0-     | -0-     | -0-     | 5,039,919  | 140,646,003     | 190,896,572 | 96.0                | 62.1    |
| EAST         | -0-     | -0-     | -0-     | 39,600     | 2,704,325       | -0-         | 1.8                 | 0.2     |
| <b>TOTAL</b> | -0-     | -0-     | -0-     | 10,837,359 | 146,562,577     | 193,485,896 | 100.0               | 100.0   |

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 01/19/02 & Comparable Week 2001

| Regions* (000 HEAD) | U.S. TOTAL |     |     |      |      |      |      |     |      |     | % DAIRY OF ALL   |                  |
|---------------------|------------|-----|-----|------|------|------|------|-----|------|-----|------------------|------------------|
|                     | 1          | 2   | 3   | 4    | 5    | 6    | 7    | 8   | 9    | 10  | WEEK SINCE JAN 1 | WEEK SINCE JAN 1 |
| 2002-Dairy          | 0.2        | 0.8 | 6.2 | 5.5  | 21.2 | 2.7  | 0.6  | 1.2 | 14.7 | 3.0 | 56.1             | 163.0            |
| 2001-Dairy          | 0.2        | 0.6 | 6.9 | 5.6  | 22.8 | 2.8  | 2.1  | 1.0 | 12.4 | 3.2 | 57.7             | 178.6            |
| 2002-All cows       | 0.2        | 1.0 | 9.3 | 14.7 | 32.0 | 16.5 | 16.4 | 6.2 | 17.0 | 7.5 | 120.6            | 351.1            |
| 2001-All cows       | 0.2        | 0.8 | 9.4 | 16.2 | 32.5 | 13.6 | 18.5 | 5.5 | 14.2 | 6.5 | 117.2            | 359.3            |

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

| YEAR | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1998 | 13.25 | 13.32 | 12.81 | 12.01 | 10.88 | 13.10 | 14.77 | 14.99 | 15.10 | 16.04 | 16.84 | 17.34 |
| 1999 | 16.27 | 10.27 | 11.62 | 11.81 | 11.26 | 11.42 | 13.59 | 15.79 | 16.26 | 11.49 | 9.79  | 9.63  |
| 2000 | 10.05 | 9.54  | 9.54  | 9.41  | 9.37  | 9.46  | 10.66 | 10.13 | 10.76 | 10.02 | 8.57  | 9.37  |

FEDERAL MILK ORDER CLASS PRICES FOR 2001 - 2002 (3.5% BF)

| CLASS | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN 2002 | FEB 2002 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|----------|
| I 1/  | 13.99 | 11.94 | 12.65 | 13.44 | 14.21 | 14.99 | 15.34 | 15.40 | 15.56 | 15.93 | 15.76 | 11.98 | 11.96    | 11.95    |
| II    | 12.82 | 13.43 | 14.17 | 15.10 | 15.72 | 16.05 | 15.96 | 15.98 | 16.24 | 13.53 | 12.78 | 12.61 | 12.69    |          |
| III   | 9.99  | 10.27 | 11.42 | 12.06 | 13.83 | 15.02 | 15.46 | 15.55 | 15.90 | 14.60 | 11.31 | 11.80 | 11.87    |          |
| IV    | 12.13 | 12.70 | 13.46 | 14.41 | 15.04 | 15.33 | 14.81 | 15.06 | 15.59 | 12.77 | 11.97 | 11.79 | 11.93    |          |

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/mib/class\\_prod\\_milk\\_comp\\_pr.htm](http://www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm)